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ABSTRACT

Although the joblessness and underemployment that characterize the labor market status of American youth are worst for Hispanic and Black youth, they also reflect the absence of job opportunities, irrespective of race, in depressed rural areas and urban communities hard hit by sustained high levels of unemployment. In December 1984, teenagers had an "official" unemployment rate of 18.8 percent. When the two factors of underemployment and discouraged workers are taken into account, the "real" rate was 27.3 percent. This document provides a general overview of the youth employment situation. Statistics that further describe the impact of unemployment on youth are presented, and legislative programs (especially the Job Training Partnership Act) are briefly reviewed. Three statistical tables give unemployment figures for the 20 highest metropolitan unemployment areas, for the 20 largest cities, and by State. Finally, legislative actions needed to create jobs and training opportunities for youth are described. (KH)

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A FIRST FRIDAY REPORT

Our Young People And Hard Hit Communities:

Recovery Has Passed Them By

ED254586

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OUR YOUNG PEOPLE AND HARD HIT COMMUNITIES: RECOVERY HAS PASSED THEM BY

Joblessness, underemployment, frustration, and lack of hope continue to characterize the labor market status of our country's young people in December 1984. Although these characteristics are particularly present in an extreme degree among young blacks and Hispanics, they also reflect the absence of job opportunities, irrespective of race, in depressed rural areas and urban communities hard hit by sustained high levels of unemployment. The economic upturn of the last two years has not had America's teenagers as one of its prime beneficiaries.

The official unemployment rate at 7.2 percent, or 8.2 million workers in December 1984, fails to fully describe the real job deficit that our nation's youth and many local communities continue to experience. When the 5.6 million persons working part-time for economic reasons and the 1.3 million "discouraged workers" who have given up looking for work are included, the "real" jobless rate was 13.0 percent in December 1984. This compares with an official rate of 7.3 percent and a "real" rate of 12.3 percent in July 1981, the month before the last recession began.

Similarly, teenagers had an "official" unemployment rate of 18.8 percent percent in December 1984; when the two factors of underemployment and discouraged workers are taken into account, the "real" rate was 27.3 percent. With demographic trends showing a declining youth population, many economists had predicted an easing of the youth unemployment problem. While the youth population did decline by 8.3 percent between 1979 and 1983, the number of employed teens fell even more dramatically by 21.5 percent during this same period. Other indicators of the youth employment situation for December 1984 include:

- Only 22.8 percent of black and 35.3 percent of Hispanics teens were employed, compared with 48.2 percent of white teens.

- o The unemployment rate for black teens went up from 41.2 percent in November to 42.1 percent.
- o Only 8 out of every 100 black teens is working full time.
- o While 7.1 million jobs have been created since November 1982, teenagers, who represent 18 percent of the unemployed, have actually suffered a net job loss of 34,000.

The Census Bureau's latest report* on poverty in the United States (August 1984) classifies 6.9 million young people 15-24 years old as poor (1983 data), an increase in their poverty rate from 16.5 percent to 17.6 percent in just one year.

Regardless of race, 15 to 24 year old female heads of households were overwhelmingly poor. Of all the 15-24 year old female heads of households, 69.9 percent or 569,000 were poor. In absolute numbers there were more whites than minorities. Rates for sub-groups were relatively close, but Hispanic female heads suffered the highest rate of poverty.

- * Whites — 305,000 — 62.5% **
- * Blacks — 248,000 — 84.0%
- * Hispanics — 71,000 — 87.2%

There were 4.1 million 16-21 year olds in poverty, or 17.9 percent of that age group.

- * 2.6 million were white, a rate of 13.7%**
- * 1.3 million were black, a rate of 40.7%
- * 0.5 million were Hispanic, a rate of 29.9%

What is being done to reverse these trends? A substantial body of evidence exists to show that youth employment and training programs developed during the 1960s and 1970s did

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* Money Income and Poverty Status of Families and Persons in the United States: 1983.

** Sub-groups do not equal totals because there is some overlap between those of Hispanic origin and those of other races.

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produce measurable results in terms of higher earnings and post program job placements for participants. And yet, with the advent of a new round of "new federalism" and the transfer of authority to the States under the Job Training Partnership Act, the federal government appears to want to abandon its responsibility for leadership in this area. Where the federal government has maintained its role up to now, such as with the widely recognized Job Corps Program or the Work Incentive (WIN) Program, we are now told that these programs are at the top of the list for budget cutters and will be eliminated.

Further, in the basic training grants to states under Title III of JTPA where resources will be continued, a recent survey indicates that youth programs continue to be the "Achilles' heel" of the JTPA system and that little is being done to redirect JTPA resources to more adequately meet the needs of young people.

Results from the Independent Sector Round II Assessment of JTPA programs* show that:

- o Eighty percent of the Service Delivery Areas (SDAs) surveyed are not meeting the legal requirement to spend 40 percent of their funds on youth.
- o Fifty percent spent less than 60 percent of their youth funds.
- o Only one-third spent 90 percent of their youth money.
- o Seventy-five percent are not meeting their goals to equitably serve dropout youth.
- o Only 10 percent have set up specific programs targeting young people.
- o Less than one-third said targeting those most in need is a relevant issue.
- o Less than 6 percent of resources available for youth have been spent on remedial education activities.
- o Very few sites are running the exemplary youth programs recommended in Section 205 of JTPA.

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* Grinker-Walker and Associates conducted on-site interviews of 25 Service Delivery Areas (SDA's) in 15 states, structured phone interviews of 30 additional SDA's and structured phone interviews of all 50 states.

- Despite the need to reach more youth, 48 percent of sites did not use the public schools as contractors for training and service for young people.
- Planned duration of programs was 20-22 weeks, but actual duration has averaged 12 weeks. Actual duration for remedial education programs has averaged only 15 weeks.
- Reviews of plans for the coming year reveal little or no indication of trends to increase such activities as work experience or remedial education.
- Community-based organizations, historically those best able to reach and serve youth, have a continually declining role in the JTPA system.
- Resources available will serve on average, across the country, only 4 percent of those eligible.

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State and metropolitan area unemployment rates reveal the uneven and uncertain nature of recent economic developments. Despite some improvements in the national average, most states, many metropolitan areas and rural communities suffer levels of unemployment higher than before the recession began. Of the 50 states, plus the District of Columbia, a majority of states (36) suffered from higher "real" unemployment rates in October 1984 than they did in October 1980, before the recession began. Currently four states report official jobless rates above 10 percent, compared with only one double digit state jobless rate in October 1980. Eleven states have "real" jobless rates at or above 15 percent in October 1984 compared to only one in October 1980.

Similarly, eight of the nation's 20 largest metropolitan areas and all of the communities ranking in the top 20 in severity of joblessness except one experienced higher official jobless rates in October 1984 than they did four years ago. The hardest hit areas all have official jobless rates above 10 percent and 16 have "real rates" at or above 20 percent.

Tables 1 through 3, which follow, provide the official rates for joblessness for October 1980 and October 1984 for all states, the 20 most populated metropolitan areas, and the communities in the top 20 list of high unemployment areas. Those tables also calculate "real" rates of unemployment for those areas. The "real" rates take into account the numbers of underemployed and discouraged workers.

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TABLE 1

TWENTY HIGHEST METROPOLITAN UNEMPLOYMENT AREAS (%)*

		October 1980		October 1984 (most recent)	
	Location	Official Rate	Real** Rate	Official Rate	Real** Rate
1.	McAllen-Phar r-Edinburg, TX	12.3	19.7	19.0	34.2
2.	Wheeling, WV	10.1	16.2	15.2	27.4
3.	Lakeland-Winter Haven, FL	11.0	17.6	14.2	25.6
4.	Gary-Hammond-East Chicago, IN	11.3	18.1	14.0	25.2
5.	Laredo, TX	8.7	13.9	13.8	24.8
6.	Lake Charles, LA	6.6	10.6	13.6	24.5
	Huntington-Ashland, WV	8.8	14.1	13.6	24.5
7.	Jamesville-Beloit, WI	10.8	17.3	13.5	24.3
8.	Modesto, CA	10.5	16.8	12.7	22.9
9.	Johnstown, PA	13.0	20.8	12.5	22.5
10.	Kankakee, IL	11.4	18.2	12.3	22.1
11.	Youngstown-Warren, OH	11.2	17.9	12.1	21.8
12.	Brownsville-Harlingen-San Benito, TX	8.1	13.0	12.0	21.6
13.	Mobile, AL	7.7	12.3	11.8	21.2
14.	Bakersfield, CA	7.1	11.4	11.4	20.5
15.	Fresno, CA	8.4	13.4	11.1	20.0
16.	Vineland-Millville-Bridgeton, NJ	10.2	16.3	10.9	19.6
	Waterloo-Cedar Falls, IA	6.2	9.9	10.9	19.6
17.	Stockton, CA	9.3	14.9	10.7	19.3
	Parkersburg, WV-Marietta, OH	8.5	13.6	10.7	19.3
18.	Davenport-Rock Island-Moline, IL	8.1	13.0	10.6	19.1
19.	Pittsburgh, PA	7.3	11.7	10.3	18.5
20.	Sharon, PA	8.2	13.1	10.2	18.4

Source: U.S. Department of Labor, Bureau of Labor Statistics.

* Official figures for October 1984 were unavailable for Michigan communities. The state unemployment rate for that month was 10.1%.

** Multiplier to determine real unemployment rate is 1.6 for 1980 and 1.8 for 1984.

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TABLE 2

TWENTY LARGEST METROPOLITAN AREAS UNEMPLOYMENT

	Location	October 1980 Official Rate	October 1980 Real Rate	October 1984 (most recent) Official Rate	October 1984 (most recent) Real Rate
1.	New York, NY	7.7	12.3	8.8	15.8
2.	Los Angeles-Long Beach, CA	7.2	11.5	7.7	13.9
3.	Chicago, IL	8.5	13.6	8.3	14.9
4.	Philadelphia, PA	6.7	10.7	6.1	11.0
5.	Detroit, MI	13.1	20.9	N/A	N/A
6.	San Francisco-Oakland, CA	5.4	8.6	5.4	9.7
7.	Washington, D.C.	7.1	11.4	8.6	15.5
8.	Boston, MA	5.2	8.3	3.1	5.6
9.	Dallas-Fort Worth, TX	3.9	6.2	3.4	6.1
10.	Houston, TX	3.3	5.3	5.7	10.3
11.	St. Louis, MO	8.3	13.3	7.0	12.6
12.	Pittsburgh, PA	7.3	11.7	10.3	18.5
13.	Minneapolis-St. Paul, MN	4.3	6.9	4.4	7.9
14.	Baltimore, MD	7.5	12.0	6.4	11.5
15.	Cleveland, OH	7.3	11.7	8.9	16.0
16.	San Diego, CA	6.6	10.6	5.4	9.7
17.	Atlanta, GA	5.3	8.5	4.6	8.3
18.	Miami, FL	11.4	18.2	8.7	15.7
19.	Phoenix, AZ	5.7	9.1	3.2	5.8
20.	Seattle-Everett, WA	6.8	10.9	7.1	12.6

Source: U.S. Department of Labor, Bureau of Labor Statistics
Multiplier to determine real unemployment rate is 1.6 for 1980 and 1.8 for 1984.

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TABLE 3

STATE UNEMPLOYMENT RATES

State	October 1980		October 1984 (Most Recent)	
	Official Rate	Real Rate	Official Rate	Real Rate
Alabama	9.2	14.7	10.7	19.3
Alaska	8.6	13.8	9.5	17.1
Arizona	6.5	10.4	4.2	7.6
Arkansas	7.2	11.5	8.3	15.0
California	6.6	10.6	7.0	12.6
Colorado	5.9	9.4	5.6	10.1
Connecticut	5.5	8.8	4.2	7.6
Delaware	6.7	10.7	5.5	9.9
District of Columbia	7.1	11.3	8.6	15.5
Florida	6.8	10.9	7.0	12.6
Georgia	6.2	9.9	5.8	10.4
Hawaii	5.0	8.0	6.3	11.3
Idaho	6.1	9.8	5.2	9.4
Illinois	8.9	14.2	8.8	15.8
Indiana	9.1	14.6	7.4	13.3
Iowa	5.5	8.8	5.8	10.4
Kansas	4.4	7.0	5.0	9.0
Kentucky	7.8	12.5	8.9	16.0
Louisiana	7.1	11.3	9.8	17.6
Maine	6.7	10.7	4.9	8.8
Maryland	6.3	10.1	5.4	9.7
Massachusetts	5.6	9.0	3.4	6.1
Michigan	12.3	19.7	10.1	18.2
Minnesota	5.2	8.3	5.4	9.7
Mississippi	7.3	11.7	10.6	19.1
Missouri	7.1	11.3	5.9	10.6
Montana	5.4	8.6	6.2	11.2
Nebraska	3.7	5.9	4.2	7.6
Nevada	6.2	9.9	7.8	14.0
New Hampshire	4.6	7.4	2.8	5.0
New Jersey	6.8	10.9	5.1	9.2
New Mexico	7.6	12.2	7.4	13.3
New York	7.3	11.7	7.1	12.8
North Carolina	6.4	10.2	6.8	12.2
North Dakota	3.9	6.2	4.6	8.3
Ohio	8.1	13.0	9.1	16.4
Oklahoma	4.6	7.4	6.9	12.4
Oregon	7.6	12.2	8.2	14.8

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TABLE 3
(continued)

STATE UNEMPLOYMENT RATES

State	October 1980		October 1984 (Most Recent)	
	Official Rate	Real Rate	Official Rate	Real Rate
Pennsylvania	7.7	12.3	8.2	14.8
Rhode Island	6.0	9.6	4.4	7.9
South Carolina	7.4	11.8	7.0	12.6
South Dakota	4.4	7.0	4.0	7.2
Tennessee	7.2	11.5	8.2	14.8
Texas	4.4	7.0	5.3	9.5
Utah	6.3	10.1	5.7	10.3
Vermont	5.8	9.3	3.3	5.9
Virginia	5.0	8.0	5.2	9.4
Washington	7.7	12.3	8.2	14.8
West Virginia	9.0	14.4	16.0	28.8
Wisconsin	6.6	10.6	7.0	12.6
Wyoming	3.8	6.1	5.2	9.4

Source: U.S. Department of Labor, Bureau of Labor Statistics
Multiplier to determine real unemployment rate is 1.6 for 1980 and 1.8 for 1984.

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LEGISLATIVE ACTION NEEDED TO CREATE JOBS AND TRAINING OPPORTUNITIES FOR YOUTH

A deficit conscious Congress will be under pressure to make further cuts in existing domestic programs. Meanwhile only a small fraction of the youth population is being served by JTPA and other related programs. Most of the impressive array of youth employment and training programs that flourished five or six years ago have either disappeared or shrunk to very small vestiges of what they once were. Concerted action will be needed in 1985 to hold the line on appropriations levels for existing programs and also to advance new initiatives.

Budget and Appropriations

It is critical that the existing funding levels be maintained for the Job Corps, Summer Youth Employment Program, other nationally funded youth programs, the basic Title II JTPA grants to states, and the Work Incentive Program.

Youth Incentive Employment Act

The Hawkins-Kennedy Youth Incentive Employment Act will be reintroduced. It would authorize $2 billion to provide full-time employment during the summer months and part-time employment during the school year to economically disadvantaged youth. These youth must agree to maintain performance standards at the worksite and agree to remain in or return to school, and perform satisfactorily in order to maintain eligibility for paid employment. It is modeled after a 30-month demonstration project mandated by Congress in 1977. Researchers have documented positive results, including dramatic increases in the employment rates of black teenagers. Those involved in employing youths also have praised the pilot program approach. It would provide funds to service delivery areas under

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JTPA. Eligible youth would work in public agencies, private non-profit organizations, and private for-profit employers. Approximately one million low-income teenagers would be served under the program.

Community Renewal Employment Act

A meaningful jobs program is vitally needed, both to provide work for those who would remain unemployed under even the most optimstic of the Administration's economic predictions and to accomplish tasks essential to communities.

Representative Gus Hawkins (D-Calif.) will reintroduce the Community Renewal Employment Act to provide important assistance to those citizens hit hardest by the recession. The bill is targeted to long-term jobless workers in areas of high unemployment. To ensure that the work created is productive, the bill specifies activities such as repair of public facilities, conservation of public lands, and provision of day care, health and other community services. Fully 20 percent of the funds are set aside for repair work in education facilities, particularly to detect and remove asbestos in schools. The bill requires that 20 percent of the funds be spent on unemployed youth aged 16 to 19 for part-time employment combined with at least eight hours per week of education or training. Priority for employment would be given to unemployed youth who are economically disadvantaged with equitable service to school dropouts.

American Conservation Corps

Legislation to create an American Conservation Corps (ACC) to provide jobs for unemployed young people in conservation and related projects passed the House of Representatives in 1982 and again in 1983. A more limited youth conservation bill passed the Senate in the final days of the last session and was accepted by the House. The President pocket-vetoed it. Two other youth jobs programs -- the Youth Conservation Corps established

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in 1970 and the Young Adult Conservation Corps created in 1977 -- were terminated earlier by the Reagan Administration. Proponents of the youth conservation approach, such as the Human Environment Center (HEC) and the Youth Policy Institute (YPI), argue that the programs are cost-effective. YPI notes that in 1979 there was a $1.10 return for each dollar spent on the youth conservation jobs program. HEC notes that OMB approved evaluations found that each $1.00 spent on YACC produced work that would have cost $1.20 by the cheapest alternative means.

In the absence of authorization for a federal program, 27 state and local governments have established their own youth conservation jobs programs. If ACC is enacted, eligible projects would include forest and soil conservation, urban revitalization, historic preservation, road and trail development, erosion control, and production of renewable energy resources.

The Summer Youth Employment, Training, and Education Act of 1985

Representative Pat Williams (D-Mont.) will introduce an amendment to JTPA that would convert the existing summer youth employment program into a combined work experience and remedial education program. A matching grant process would leverage non-federal resources and federal education funds available to the states to fund the remedial education activities.

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